

GOLF COURSE MANAGEMENT AGREEMENT

Gold Mountain Golf Club

This Golf Course Management Agreement (“**Agreement**”) is entered into on the date fully executed below by and between the City of Bremerton, a Washington municipal corporation (“**Owner**”), and Columbia Hospitality, Inc., a Washington corporation (“**Manager**”) or its permitted assignee.

RECITALS

A. Owner is the owner of certain real property and the buildings, facilities and other improvements located thereon, which collectively are commonly known as the Gold Mountain Golf Club and located at 7263 W. Belfair Valley Road, Bremerton, Washington (the “**Club Facilities**”). The Club Facilities are situated on a portion of the following sections

- W1/2 Section 1, T23N, R1W
- NE1/4 NE1/4 Section 2, T23N, R1W
- SE1/4 SE1/4 Section 35, T24N, R1W
- SW1/4 Section 36, T24N, R1W

and are more particularly delineated on the aerial photo-map attached as Exhibit A.

B. As of the Effective Date, the Club Facilities consist of (i) two 18-hole golf courses; (ii) driving range and practice and putting greens; (iii) a golf pro shop, including a retail store; (iv) a full service restaurant and bar, including meeting and event space; and (v) various buildings and related facilities used for storage of maintenance and related golf course equipment, golf carts and other golf-course related supplies.

C. Manager is knowledgeable and experienced in the management and operation of resort facilities similar to the Club Facilities.

D. Owner wishes to engage Manager to promote, operate and manage the Club Facilities, and Manager is willing to provide such services pursuant to the terms and conditions set forth below.

AGREEMENTS

NOW, THEREFORE, in consideration of the mutual covenants contained in this Agreement and other good and valuable consideration, the receipt of which is hereby acknowledged, Owner and Manager agree as follows:

ARTICLE I

INTERPRETATION

1.01 Definitions

All initially capitalized terms used and not otherwise defined in this Agreement shall have the meanings set forth below.

“Affiliate” means any other individual, corporation, partnership, limited liability company or other entity directly or indirectly controlling, controlled by, or under common control with Manager or Owner, as applicable.

“Annual Plan and Budget” has the meaning set forth in Section 5.04.

“Annual Statements” has the meaning set forth in Section 5.02.

“Applicable Laws” means all laws, statutes, ordinances, regulations, codes, bylaws, orders, judgments, directives, rules, guidelines, orders and other requirements of any governmental or regulatory authority having jurisdiction over Owner and the Club Facilities including Environmental Laws and those laws, statutes, codes, rules and other requirements related to employees, health and safety and the accessibility of public facilities to persons with disabilities.

“Base Management Fee” has the meaning set forth in Section 4.01.

“Improvement” means a replacement, renewal or addition to FF&E or an alteration, improvement or replacement to the structural, mechanical, electrical, heating, ventilation, air conditioning, exterior, plumbing or vertical transportation elements of the Club Facilities, the cost of which is capitalized pursuant to GAAP.

“Centralized Services” means accounting, human resources training and development, public relations, employee relations, payroll processing, information technology and other related services as provided in accordance with Section 2.04.

“Centralized Service Fees” has the meaning set forth in Section 4.04.

“Club Facilities” has the meaning set forth in Recital A.

“Confidential Information” means (a) the terms of this Agreement, (b) all information that one party receives from the other party relating to the disclosing party's business and that is designated in writing as confidential by the disclosing party and (c) Manager's Intellectual Property. Notwithstanding the foregoing, the following information is not Confidential Information: information that (i) comes into the public domain through no fault of the receiving party; (ii) was lawfully disclosed to the receiving party by a third party; (iii) was disclosed by the receiving party with the disclosing party's written consent; (iv) was independently developed by the receiving party; or (v) was rightfully known by the receiving party prior to entering into this Agreement.

“Environmental Laws” has the meaning set forth in Section 11.01.

“Event of Default” has the meaning set forth in Section 3.02.

“FF&E” means furniture, fixtures and equipment.

“Force Majeure” means acts of God, acts of war, civil disturbance, governmental action (including the revocation or refusal to grant licenses or permits, where such revocation or refusal is not due to the fault of the party whose performance is to be excused for reasons of Force Majeure), strikes, lockouts, fire, unavoidable casualties, performance of approved Capital Improvements that have an adverse effect on income generating areas of the Club Facilities, or any other causes beyond the reasonable control of the party claiming such event occurred (excluding, however, (a) lack of financing, (b) financial condition or (c) general economic and/or market factors)).

“GAAP” means accounting principles generally accepted in the United States.

“Gross Operating Profit” means the amount by which Gross Revenue for the applicable period exceeds Operating Expenses for that same period.

“Gross Revenue” means all revenues, receipts, income and sale proceeds of every kind derived directly or indirectly from the Club Facilities as determined in accordance with GAAP. Gross Revenue shall include, but not be limited to, greens fees; cart fees (motorized and pull cart); club rentals; pro shop sales; income from the rental of meeting and event space or other facilities or services; license, lease and concession fees and rentals paid for any commercial, retail and other space in the Club Facilities (not including gross receipts of licensees, lessees and concessionaires); income from golf lessons and instruction; income from parking, and food and beverage sales provided by the Club Facilities; in and from both on and off-site locations; wholesale and retail sales of the Club Facilities’ merchandise; and service charges. Notwithstanding the foregoing, Gross Revenue from the Club Facilities shall not include the following: gratuities to the Club Facilities’ employees; federal, state or municipal excise, sales or use taxes or any other taxes collected directly from patrons, guests or customers or included as part of the sales price of any goods or services; proceeds from the sale of FF&E (which shall be deposited into the Capital Reserve Account); interest received or accrued with respect to the funds in the Operating Account(s) and Capital Reserve Account; any refunds, rebates, discounts and credits of a similar nature, given, paid or returned in the course of obtaining Gross Revenues or components thereof; insurance proceeds; condemnation proceeds; or any proceeds from any transfer of the Club Facilities.

“Hazardous Materials” has the meaning set forth in Section 11.01.

“Incentive Management Fee” has the meaning set forth in Section 4.02.

“Initial Working Capital Deposit” has the meaning set forth in Section 5.07.

“Manager” means Columbia Hospitality, Inc. or its permitted assigns.

“Manager’s Intellectual Property” has the meaning set forth in Section 12.04.

“Manager’s Trademarks” has the meaning set forth in Section 12.01.

“Monthly Statement” has the meaning set forth in Section 5.01.

“Net Operating Income” means the amount by which Gross Operating Profit for the applicable period exceeds (i) the Base Management Fee, (ii) insurance costs and expenses for the insurance coverages required under Article VII together with any associated deductibles, and (iii) real estate and personal property taxes, if any, for that same period.

“Net Income” means the Net Operating Income, minus (i) the Incentive Management Fee, (ii) the deposits to the reserve for replacement account equal to 4% of Gross Revenue.

“Operating Account(s)” has the meaning set forth in Section 5.03.

“Operating Expenses” means all ordinary and necessary expenses, including, without limitation, Reimbursable Expenses, incurred in the operation of the Club Facilities, including without limitation, salaries, wages and benefits of the Club Facilities’ personnel, utilities, administrative expenses, centralized service fees, and advertising and marketing expenses, all as determined in accordance with GAAP, but excluding (a) real estate and personal property taxes; (b) the Base Management Fee, (c) the Incentive Management Fee; (d) payments pursuant to equipment leases or other forms of FF&E financing; (e)

insurance costs and expenses for property and liability coverages required under Article VII together with associated deductibles; (f) amounts expended on Capital Improvements, including, without limitation any funding into or expenditures from the Capital Reserve Account; (g) depreciation and amortization expenses; and (h) costs and expenses of Owner or Owner's personnel.

"Operating Standard" means the manner in which the Club Facilities are operated, which shall be consistent with the standards and practices maintained at the hotels and other facilities currently operated by Manager.

"Operating Year" means each 12-month calendar year period, provided that the first Operating Year shall be the partial year beginning on the Commencement Date and ending on the following December 31st and, if this Agreement is terminated on a date other than December 31st, the partial year ending on the date of termination.

"Owner" means the City of Bremerton, a Washington municipal corporation.

"Reimbursable Expenses" means all costs and expenses advanced by Manager or its Affiliates on Owner's account or for or on behalf of Owner in the ordinary course of providing services under this Agreement.

"Replacement Reserve Account" has the meaning set forth in Section 6.02(a).

"Target Fund Balance" as approved by the City Council action.

1.02 Captions, Numbering and Headings

Captions, numbering and headings of Articles, Sections and Exhibits in this Agreement are for convenience of reference only and shall not be considered in the interpretation of this Agreement. References in this Agreement to Articles, Sections and Exhibits shall be deemed to be references to such Articles, Sections and Exhibits in this Agreement unless otherwise expressly specified.

1.03 Number; Gender

Whenever required by the context, the singular shall include the plural, the neuter gender shall include the male gender and female gender, and vice versa.

1.04 Exhibits

All Schedules and Exhibits referenced in this Agreement are incorporated by this reference as if fully set forth in this Agreement, and all references to this Agreement shall be deemed to include all such Schedules and Exhibits.

1.05 No Construction Against Drafter

This Agreement has been negotiated and prepared by Owner and Manager and their respective attorneys and, should any provision of this Agreement require judicial interpretation, the court interpreting or construing such provision shall not apply the rule of construction that a document is to be construed more strictly against one party.

ARTICLE II

MANAGEMENT SERVICES

2.01 Appointment of Manager / Manager's Management Responsibilities

Subject to the terms and conditions of this Agreement, Owner engages Manager, as an independent contractor, to service, operate, promote and manage the Club Facilities for and on the account of Owner, as agent for Owner, and grants Manager the exclusive authority, right and full control to service, operate, promote and manage the Club Facilities and the personnel associated with the Club Facilities on a day-to-day basis consistent with the Operating Standard at Owner's sole cost and expense. Manager hereby accepts such engagement and agrees to service, operate, promote and manage the Club Facilities for the account and on behalf of Owner, as Owner's agent, in accordance with the terms of this Agreement and all applicable laws. Without limiting the foregoing, Manager shall have sole and exclusive authority to do the following:

(a) manage all aspects of the Club Facilities' human resource functions, including terms and conditions of employment, recruiting, screening, selection, hiring, training, compensation, employee benefits, supervision, discipline, dismissal and replacement;

(b) establish all relevant prices, price schedules, rates, rate schedules, rents, lease charges and concession charges for all areas of the Club Facilities;

(c) negotiate and administer, in the name and on behalf of Owner, leases, licenses and concession agreements for gift shops or other minor areas appurtenant to the Club Facilities;

(d) provide marketing and sales services for the Club Facilities;

(e) obtain and keep in full force and effect in Manager's name or in Owner's name, as may be required by Applicable Laws, any and all license and permits to the extent the same is within the control of Manager;

(f) negotiate, enter into, and administer, in the name and on behalf of Owner, contracts, licenses and purchase orders for services, inventories, provisions, and supplies that are necessary for maintenance and operation of the Club Facilities, and use the same in the management and operation of the Club Facilities;

(g) negotiate, enter into, and administer, in the name and on behalf of Owner, contracts for the use of meeting areas by groups and individuals;

(h) institute in its own name or, with Owner's written consent, in the name of Owner or the Club Facilities any and all legal actions or proceedings necessary for, or incident to, operation and maintenance of the Club Facilities;

(i) maintain the facilities and equipment associated with the Club Facilities in good repair and condition;

(j) perform such other tasks acceptable to Manager as are customary and usual in the operation of a Club Facilities of a class and standing equal to the Club Facilities.

Notwithstanding the foregoing, unless otherwise part of the Annual Plan and Budget approved by Owner in accordance with Section 5.02, Manager shall not enter into any agreement in the name of Owner (i) that creates an obligation of Owner that is greater than twenty-five thousand dollars (\$25,000) or (ii) whose term exceeds one year and cannot be terminated without liability on sixty (60) days' written notice without Owner's prior written consent.

2.02 Personnel

In furtherance of Manager's obligation to manage the Club Facilities' human resource functions, Manager shall have sole and exclusive responsibility for (a) identifying, interviewing, selecting, appointing, hiring, retaining, supervising, directing, disciplining and firing the Club Facilities' general manager(s) and other senior managers, and all other personnel necessary for the operation of the Club Facilities and the Club Facilities' systems and facilities; and (b) adopting and offering to personnel, and administering on Owner's behalf, employee benefit plans determined by Manager. All personnel associated with the Club Facilities shall be employees of Manager, provided that all costs associated with such personnel shall be an Operating Expense. Costs and expenses related to personnel may include, but are not limited to, benefit administration costs, payroll processing, recruiting, software licensing fees and compliance with all Applicable Laws, including, without limitation, the Consolidated Omnibus Budget Reconciliation Act (COBRA) and the Worker Adjustment and Retraining Notification (WARN) Act.

2.03 Sales and Marketing

In connection with its management of the Club Facilities, Manager shall provide marketing and sales services, including (a) development (as part of the Annual Plan and Budget) and implementation of a sales and marketing program for the Club Facilities; (b) production and distribution of promotional materials; (c) development and implementation of promotional offers or programs; (d) attendance of the Club Facilities' personnel at relevant conventions, meetings, seminars and conferences; (e) selection of, engagement, and guidance to, as required, advertising, creative and public relations personnel and (f) updating and maintenance of the Club Facilities' website. Marketing and sales services provided under this Section 2.03 may be provided by Manager either solely on behalf of the Club Facilities or in conjunction with other similar Manager-operated properties (in which event such services would be centralized and billed to the Club Facilities in accordance with Section 4.04).

2.04 Centralized Services

Owner acknowledges and agrees that in performing services under this Agreement (i) Manager may elect from time to time to perform certain functions (the "**Centralized Services**") as defined in Section 1.01 and in Exhibit D on a centralized basis using the personnel and resources of Manager's or its Affiliates' corporate office or other Manager-managed properties and (ii) the costs of any such centralized services shall be allocated fairly and equitably among the Manager-managed properties benefitting from such services. Owner further agrees that Manager may use its reasonable discretion to identify and determine from time to time those functions best performed on a centralized basis and that the costs of providing such Centralized Services to the Club Facilities ~~together with a reasonable profit~~ shall be billed to, and paid by, Owner as an Operating Expense in accordance with Section 4.04.

2.05 Conditions to Manager's Obligations

Notwithstanding anything contained in this Agreement, Manager shall be excused from, and may immediately suspend its performance of, its obligations under this Agreement:

(a) To the extent and whenever Manager shall be prevented from compliance with such obligations by events of Force Majeure;

(b) To the extent of any breach of any representation, warranty or covenant contained in this Agreement or default hereunder by Owner; or

(c) In the event Owner fails to provide the working funds necessary to operate the Club Facilities in a manner consistent with the Operating Standard.

It is expressly agreed and understood that each and every provision contained in this Agreement pursuant to which Manager is excused from its obligations under this Agreement shall operate without prejudice to any right or remedy that Manager may have hereunder, at law or in equity.

ARTICLE III

TERM

3.01 Initial Term and Renewal

3.1 The term of this Agreement shall be five (5) years, commencing on January 1, 2020 (the “Commencement Date”) and, unless earlier terminated in accordance with this Agreement, shall continue until December 31, 2024 (the “Initial Term”). Upon expiration of the Initial Term, the Manager may request renewals of this Agreement for two (2) successive three-year renewal terms. Requests for any renewal should be made in writing at least 160 days in advance of expiration of the current term of the Agreement. Any requested renewals, if accepted, shall be mutually agreed upon in writing in advance of the expiration of the current term of the Agreement and is contingent upon approval by the City Council.

3.02 Termination - Event of Default

In addition to the other termination rights set forth in this Agreement, this Agreement may be terminated prior to expiration under the following circumstances (each an “**Event of Default**”):

(a) By either party, if the other party materially breaches any term of this Agreement or defaults in the performance of any obligation under this Agreement that can be cured with the payment of money and fails to cure such breach within ten (10) days following notice thereof by the non-defaulting party;

(b) By either party, if the other party materially breaches any term of this Agreement or defaults in the performance of any obligation under this Agreement that cannot be cured with the payment of money, and fails to cure such breach or default within thirty (30) days following notice thereof by the non-defaulting party, or, in the event that it is not possible to cure such breach or default within thirty (30) days, the defaulting party fails to commence to cure the breach or default within the 30-day period and thereafter proceed diligently and in good faith to cure such breach or default within ninety (90) days;

(c) By Manager, if Owner fails to timely deposit amounts requested by Manager in accordance with Sections 5.07 or 6.02; or

(d) By either party, in the event of an appointment of a receiver, trustee or liquidator of the other party or of all or any part of its assets, or the filing of a voluntary petition in

bankruptcy, the making of a general assignment for the benefit of creditors, the filing of a petition or an answer seeking reorganization or arrangement with creditors or bankruptcy petition or similar petition under state law, and such appointment, filing, assignment, or petition is not vacated within sixty (60) days.

The non-defaulting party shall, in addition to its right of termination, be entitled to pursue all other available remedies at law or equity as a result of an Event of Default, including, in the case of a default by Owner, accrued and owing management fees and reimbursable expenses through the effective date of termination.

3.03 Termination - Convenience

At the end of the third year of the Initial term, or later, Owner or Manager may terminate this Agreement without penalty or liability by providing the other party 160 days written notice.

3.04 Effect of Termination

Upon expiration or earlier termination of this Agreement, the parties agree that (a) except for costs and expenses caused by Manager's Event of Default or as otherwise set forth in Section 7.03, any expenses arising as a result of the termination shall be for the sole account of Owner and Owner shall reimburse Manager on receipt of any invoice from Manager for any termination expenses; (b) within thirty (30) days following termination, Owner shall pay Manager any and all fees or other amounts owed under this Agreement through, to, and including the effective date of termination; (c) Manager shall peacefully vacate and surrender the Club Facilities to Owner; (d) Manager shall assign and transfer to Owner (i) all books and records of the Club Facilities in Manager's custody or control, including those contracts, leases and other agreements regarding the Club Facilities that are assignable and not Manager's Intellectual Property and (ii) all right, title and interest in and to all permits and licenses, if any, held by Manager in connection with the Club Facilities, to the extent such transfer or assignment is permitted under Applicable Laws; (e) Owner shall honor all business confirmed for the Club Facilities with reservation dates after the effective date of termination; and (f) as of the effective date of termination, Manager shall remove all Manager's Intellectual Property. Upon expiration or earlier termination of this Agreement, the parties' obligations with respect to this Agreement will terminate, except as to liabilities or claims of either party that have accrued or arisen before the termination date. Notwithstanding the foregoing, all provisions of this Agreement that are expressly or by implication to remain in force after the termination of this Agreement (including Articles X, XII and XIII and Sections 3.04, 7.03, 7.04, 11.01, 14.02, 14.03, 14.04, 14.06, 14.07, 14.12 and 14.13) will survive the expiration or earlier termination of this Agreement.

ARTICLE IV

COMPENSATION

4.01 Base Management Fee

From and after the Commencement Date, Owner shall pay Manager for services provided under this Agreement a monthly base management fee of four and a quarter percent (4.25%) of the Club Facilities' Gross Revenue (the "**Base Management Fee**"). The Base Management Fee shall be paid monthly (prorated for any partial month) on or before the tenth (10th) day of the month immediately following the month during which services were rendered.

4.02 Incentive Management Fee

From and after the Commencement Date and in addition to the Base Management Fee, Owner shall pay Manager for services provided under this Agreement an annual Incentive Management Fee equal to twenty percent (20%) of the Club Facilities' Net Operating Income, less replacement reserves, in excess of Six Hundred Thousand and No/100 Dollars (\$600,000 00) and to the cap of Six Hundred and Fifty Thousand and No/100 Dollars (\$650,000). Owner shall pay Manager for services provided under this Agreement an annual Incentive Management Rate equal to twenty-five percent (25%) of the Club Facilities Net Operating Income, less replacement reserves, in excess of Six-hundred and Fifty Thousand and One Dollars and No/100 Dollars (\$650,001) and to the cap of Seven-hundred Thousand and No/100 Dollars (\$700,000). Owner shall pay Manager for services provided under this Agreement an annual Incentive Management Rate equal to thirty percent (30%) of the Club Facilities Net Operating Income, less replacement reserves, in excess of Seven-hundred Thousand and One Dollars and No/100 Dollars (\$700,001) and to the cap of Seven-hundred Thousand and Fifty No/100 Dollars (\$750,000). Owner shall pay Manager for services provided under this Agreement an annual Incentive Management Rate equal to forty percent (40%) of the Club Facilities Net Operating Income, less replacement reserves, in excess of Seven-hundred and Fifty Thousand and One Dollars and No/100 Dollars (\$750,001). (the "**Incentive Management Fee**"). The annual Incentive Management Fee shall be computed and paid annually based on the Annual Statements provided hereunder. Payment shall be made on or before the tenth (10th) day following the delivery of the Annual Statements

4.03 Reimbursable Expenses

From and after the Commencement Date and in addition to the Base Management Fee and Incentive Management Fee, Owner will reimburse Manager for the following Reimbursable Expenses, (a) corporate employees or employees of other Manager-operated properties serving functions associated with the Club Facilities that would otherwise be served by property-level staff; (b) all reasonable third party costs and expenses incurred and paid by Manager and its personnel (corporate or otherwise), including, without limitation, transportation costs, long distance and postage while performing under this Agreement; (c) payments made by Manager to third parties for goods and services in the ordinary course of the Club Facilities' operation; and (d) taxes and similar assessments levied against any reimbursement payable to Manager, including any applicable withholding taxes. Owner will pay, within thirty (30) days after the notice date, expenses to be reimbursed to Manager in accordance with this Section 4.03.

4.04 Centralized Service Fees

From and after the Commencement Date, Manager reserves the right to charge certain fees and charges associated with any Centralized Services provided by Manager or its Affiliates in accordance with Section 2.04 ("**Centralized Service Fees**"). Centralized Service Fees shall be paid monthly (prorated for any partial month) in arrears, no later than the 15th day of each month commencing with the Commencement Date. Any such Centralized Service Fees will be allocated equitably among participating Manager-operated properties.

4.05 Payment

Amounts payable to Manager or its Affiliates under this Agreement shall be paid in immediately available funds without reduction for taxes or other assessments. Payment shall be made to the place designated for the giving of notice under Section 14.04 or to such other place designated by Manager. At Manager's option, payments due Manager or its Affiliates may be made by Manager out of the appropriate Operating Account(s).

4.06 Club Facilities Accommodations and Amenities

In addition to the fees outlined above, Owner shall provide Manager and its staff discounted use of the Club Facilities and their amenities on a “space available basis” and with no impact to public access, for leisure utilization and complimentary use of the Club Facilities for business related visits.

ARTICLE V

ACCOUNTING

5.01 Operating Expenses Paid by Owner

All actions of Manager in the performance of its obligations and expenses incurred under this Agreement, including all wages, benefits and other payroll expenses of the Club Facilities’ personnel, shall be for, and on behalf of, Owner and for its account, and all debts and liabilities arising in the course of the Club Facilities’ operations, including, without limitation, any and all costs related to claims by the Club Facilities’ personnel concerning their employment, shall be the obligation of Owner, and Manager shall not be liable for any of such expenses, debts, liabilities and obligations by reason of its direction, management, supervision and operation of the Club Facilities on Owner’s behalf.

5.02 Accounting Matters

During the Term, Manager shall maintain separate books of account and other financial records and systems for the Club Facilities that collect and reflect the results from the Club Facilities in all material respects in accordance with GAAP. All books of account and other financial records of the Club Facilities shall be available to Owner at the Club Facilities at reasonable hours for examination, inspection and copying upon reasonable notice. The City or its representatives may audit all of the Contractor’s books and records relating to the Facility and its operation each year, and may audit some or all those books and records at any other reasonable time, upon not less than five days’ prior written notice. On or before the twentieth (20th) day of each month that follows a month during which the Club Facilities were open and operating, Manager shall furnish to Owner a profit and loss statement for each Club Facilities that contains Gross Revenues, Operating Expenses, Gross Operating Profit and Net Operating Income for the preceding month and the year to date (the “**Monthly Statements**”). Within thirty (30) days following the end of each Operating Year, Manager shall furnish to Owner the cumulative year-end statements that detail calculations and payments of the fees payable to Manager hereunder (the “**Annual Statements**”). The parties shall, within thirty (30) days after Owner’s receipt of the Annual Statements, make any adjustments, by cash payment, in the amounts paid or retained for such Operating Year as are needed because of the final figures set forth in the Annual Statements. All out-of-pocket costs and expenses incurred in the preparation of any statements, schedules, computation and other reports required under this Article V or any or provision of this Agreement shall be an Operating Expense of the respective Club Facilities.

5.03 Accounts and Expenditures

All funds derived from the Club Facilities’ operations shall be deposited by Manager in separate bank accounts in a bank or banks designated by Manager, subject to Owner’s reasonable approval (the “**Operating Accounts**”). Withdrawals from the Operating Accounts shall be made solely by representatives of Manager whose signatures have been authorized by Owner. Reasonable petty cash funds shall be maintained at the Club Facilities. Manager shall cause disbursements to be made from the funds collected and deposited in the Operating Accounts in the manner and order designated by Manager, in the exercise of its commercially reasonable discretion. Debts and liabilities incurred by Manager hereunder as

a result of its operation and management of the Club Facilities, whether asserted before or after expiration or earlier termination, will be paid by Owner to the extent funds are not available for that purpose from Gross Revenue that has been deposited in the Operating Accounts or petty cash. Manager shall not be obligated to incur any liability or obligation with respect to the Club Facilities, and Manager shall not be responsible for paying any obligation unless the amounts in the Operating Accounts, together with other funds provided by Owner, are sufficient to make such payment.

5.04 Annual Plan and Budget

On or before July 31st of each Operating Year, Manager shall prepare and provide to Owner for its review and approval Manager's proposed operating plan and budget for the Club Facilities, which operating plan and budget shall contain, among other things, Manager's Initial Annual Estimates (revised as necessary), as well as estimated Gross Operating Profit and Net Operating Income, proposed Improvements and proposed expenditures from the Replacement Reserve Accounts for the ensuing Operating Year (the "**Annual Plan and Budget**"). If Owner disapproves of the Annual Plan and Budget, it shall identify the line items it disapproves and the remaining items shall be approved. Until such time as Owner and Manager are able to reach complete agreement over the Annual Plan and Budget, Manager may operate the Club Facilities under the proposed form of Annual Plan and Budget substituting those items still under dispute (other than fixed charges over which Manager has no control) with items taken from the prior Operating Year's Annual Plan and Budget adjusted to account for changes in anticipated occupancy and inflation and known cost increases. For the first Operating Year (Commencement Date – January 1, 2020), Manager shall operate the Club Facilities in accordance with the budget proposed by Manager and adopted by Owner during the Owner's annual budget process for the 2020 budget.

5.05 Compliance with Annual Plan and Budget

Once the Annual Plan and Budget is approved by Owner or deemed to be approved, Manager may incur the expenditures and implement the provisions of the Annual Plan and Budget and, absent prior approval from Owner, Manager may not exceed amounts set forth in the Annual Plan and Budget (in the aggregate) by more than fifteen percent (15%), provided, however, that the preceding cap shall not apply to line item increases directly attributable to unplanned increases in occupancy or other revenue-producing activities. Owner and Manager acknowledge and agree that the Annual Plan and Budget is predicated on revenues and operating expenses estimated at the time of adoption of the Annual Plans and Budgets. The parties agree that adjustments to the Annual Plan and Budget may be required for variable expenses and events not reasonably within the control of Owner or Manager. All updates and revisions to the Annual Plan and Budget shall be submitted to Owner for review and approval in the manner described in this Section 5.05.

5.06 Emergency Expenditures

Notwithstanding anything to the contrary in this Article or elsewhere in the Agreement, Manager may make expenditures in addition to those provided in the Annual Plan and Budget without the prior approval of Owner if Manager determines, in its reasonable discretion, that such expenditures are reasonably necessary to protect life or property, to comply with Applicable Laws or to avoid suspension of any service to the Club Facilities, provided that Manager uses commercially reasonable efforts to confer with Owner prior to any such expenditure and that Manager, as soon as reasonably possible, provides Owner written notice of any such expenditure. Additionally, "reasonable efforts to confer with the owner" includes the following: requests for owner to self-perform needed work. If Owner, in its reasonable discretion, identifies a matter that it believes is reasonably necessary to protect life or property, is to comply with Applicable Laws or to avoid suspension of any service to the Club Facilities, and provides three days' advance written notice for Manager to address, and such matter goes without remedy or satisfactory

response, Owner may make such expenditures to address the matter and may deduct such expenses from Manager's Base Management Fee. Notwithstanding the foregoing, such Emergency Expenditures are not a part of the Annual Plan and Budget calculations, and the funds for such Emergency Expenditures as set forth in this Section 6.05 shall be provided by Owner to Manager.

5.07 Working Capital

Owner acknowledges and agrees that it has sole responsibility for the funding of the Annual Plan and Budget. All costs and expenses with respect to the operation and ownership of the Club Facilities shall be borne solely by and timely paid by Owner. From and after the Commencement Date, Owner shall ensure that sufficient working capital funds exist and are available to Manager at all times to meet the operating needs of the Club Facilities, which amount shall be no less than two (2) months' average Operating Expenses of the applicable Club Facilities as determined under the applicable Annual Plan and Budget. From time to time during the Term, on Manager's request, Owner shall deposit funds into the Operating Accounts sufficient to allow the uninterrupted operation of the Club Facilities in accordance with the terms of this Agreement and in a manner consistent with the Operating Standard. Owner's deposit shall be made within thirty (30) days after receiving Manager's funding request.

ARTICLE VI

REPAIRS, MAINTENANCE AND IMPROVEMENTS

6.01 Routine Repairs and Maintenance

In furtherance of Manager's obligation to maintain the Club Facilities, Manager shall make or cause to be made such routine maintenance, repairs and minor alterations to the Club Facilities, including, without limitation, the golf course greens and surrounding areas, as it determines are necessary for such purposes and as more thoroughly specified in Exhibit B. Such routine maintenance, repairs and alterations shall include only those items that are normally expensed under GAAP and shall be paid from the Operating Account(s). Manager shall comply with RCW Chapters 39.04, 39.12 and 39.80 relating to public works contracting, if and as applicable, for maintenance and repairs. In this regard, Manager will periodically seek the advice of Owner in such matters and Owner will provide administrative and purchasing support to Manager if requested. Manager may not undertake physical alterations (excluding paint and wall and floor finishes) to the Club Facilities unless set forth in an Annual Plan and Budget without prior written consent of Owner.

6.02 Improvements and the Replacement Reserve Account

(a) Owner acknowledges and agrees that as the Club Facilities age, certain Capital Improvements will be required to maintain and operate the Club Facilities' facilities (including the buildings, grounds, FF&E and operating supplies) in a manner consistent with the Operating Standard. To facilitate the funding of such needed Improvements at the Club Facilities, Manager shall deposit, as a minimum, an amount equal to four percent (4%) of the Gross Revenue, after the annual reconciliation of the fund balance, in a replacement reserve account established by Manager for the Club Facilities in a bank or banks designated by Manager, subject to Owner's approval (the "**Replacement Reserve Account**"). Annual reconciliation shall occur within 45 days of fiscal year end. Approval of the annual replacement plan shall be approved within 45 days after the reconciliation of the fund balance so Manager can expend authorized funds for actual replacements.

(b) Funds deposited in the Capital Reserve Account shall be used solely for paying for Capital Improvements included and approved in the Annual Plans and Budgets or otherwise approved by Owner, provided, that Manager may make expenditures out of the Capital Reserve Account without the prior approval of Owner if Manager determines in its reasonable discretion that expenditures are required to protect life or property or comply with Applicable Laws. If the estimate approved by Owner exceeds the Replacement Reserve Account balance, Owner will provide the additional funds required for such work within fifteen (15) days after receiving Manager's funding request, and in the event Owner fails to make such deposit, Manager may terminate this Agreement upon ten (10) days' notice to Owner. At the end of each Operating Year, any amount remaining in the Replacement Reserve Accounts together with accumulated interest shall be carried forward and credited as an addition to the Replacement Reserve Accounts otherwise established for the next succeeding Operating Year. Manager shall have no obligation to supervise any Improvement and all Improvements shall be performed exclusively by Owner and its representatives and agents and not by Manager. The cost of all Improvements shall be borne solely by Owner, shall not be an Operating Expense, and shall be reimbursed from the Capital Reserve Account to the extent there are funds in that account.

(c) Any improvements, alterations, or changes made to the Golf Facilities in accordance with this Section 6.02 shall become a part of the Golf Facilities and shall belong to Owner upon expiration or sooner termination of this Agreement.

(d) Manager shall maintain and repair the Facility and all furniture fixtures and equipment (FF&E) located on and in the premises. Manager shall undertake make all repairs and replacements that may be necessary so that at all times the Facility is in good order, condition and repair.

6.03 Liens

Subject to Manager's receipt of appropriate funding from Owner, Manager shall keep the Golf Facilities free from any liens arising out of any work performed, materials furnished, or obligations incurred by Manager.

ARTICLE VII

INSURANCE AND CLAIMS

7.01 Insurance and Bonds

(a) Manager shall, at all times during the Term and at Owner's sole cost and expense, furnish and maintain insurance and/or bonds of the types and with the coverages and deductibles described in Exhibit C with commercial insurance carriers having an A.M. Best rating of A-VII or better. All insurance policies furnished and maintained under this Section 7.01 shall include, to the extent possible, a requirement that the insurer provide each party at least thirty (30) days' advance written notice of cancellation of the applicable policy. Insurance maintained by Manager under this Section 7.01 shall be primary, and any insurance carried by Owner shall be excess and non-contributory. On or before the Commencement Date and prior to the effective date of any replacement or renewal policies furnished and maintained hereunder, Manager shall provide Owner with certificates of insurance evidencing that the insurance requirements of this Agreement have been satisfied. Owner and Manager acknowledge and agree that the policies and limits described herein shall be subject to adjustment by mutual agreement of the parties from time to time during the Term to reflect changes in the insuring practices for facilities similar to the Club Facilities and changes in insurance products.

(b) Owner shall maintain appropriate property coverage for the Club Facilities. Such policy(ies) shall include a replacement cost endorsement. Upon request, Owner shall provide Manager certificates of insurance evidencing the insurance required to be maintained by Owner under this Section.

7.02 Waiver of Subrogation

Owner and Manager each waive any and all rights of recovery against the other (and against the affiliates, members, shareholders, managers, directors, officers, employees and representatives of the other party) for any loss, damage or injury to such waiving party or its property or others under its control, to the extent such loss, damage or injury is covered by the insurance maintained by the parties or required to be obtained by the parties under this Agreement (including any related deductible or retention), provided that this waiver does not apply to any rights that any party may have to insurance proceeds from their respective insurance policies at the time of such loss or damage. Each party obtaining any of the insurance described in Section 7.01 shall, to the extent commercially possible, obtain from its insurance carriers a consent to such waiver.

7.03 Indemnification

(a) Each party shall defend, indemnify and hold the other party, its officers, officials, employees, agents and volunteers harmless from any and all claims, injuries, damages, losses or suits, including all reasonable legal costs and attorney fees, arising or alleged to arise out of or in connection with its performance of this Agreement, except as provided in subsection (c) of this section.

(b) In the event of any claim related to the parties' performance of this Agreement, each party shall first seek application of the primary insurance described in Section 7.01.

(c) All reserves, losses, costs, damages or expenses that fall within applicable self-insured or deductible limits as described in Exhibit C, together with any costs of administration of the Club Facilities' insurance program, shall be paid by Owner and shall be treated as a deduction in determining Net Operating Income.

(d) Notwithstanding subsection (c) of this Section, each party shall pay all claims, damages, losses, expenses, costs and attorney fees that a final court of competent jurisdiction has found results or arises out of its negligent or willful misconduct.

(e) Should a court of competent jurisdiction determine that this Agreement is subject to RCW 4.24.115, then, in the event of liability for damages arising out of bodily injury to persons or damages to property caused by or resulting from the concurrent negligence of the Manager and the Owner, Manager's liability hereunder (to the extent not otherwise covered by the insurance required to be maintained by Manager in accordance with Section 7.01) shall be only to the extent of Manager's negligence as determined by a final court of competent jurisdiction (or otherwise agreed by Manager in a settlement reasonably approved by Manager).

(f) In the event of any claim, damage, loss, expense or other cost arising under this Section, the parties agree to reasonably cooperate with, and provide reasonable assistance to, the other to first pursue and maximize possible insurance coverage and then, to the extent such claim, damage, loss, expense or other cost is not insured or falls within any applicable self-insured or deductible limits, defend and settle the claim, damage, loss, expense or cost. The parties agree, at Owner's request, to negotiate in good faith revisions to this Section 7.03 in the event claims, damages, losses, expenses or costs during any complete Operating Year greatly exceed the Club Facilities' historical loss history.

7.04 Waiver of Industrial Immunity

SOLELY TO EFFECTUATE THE INDEMNITIES CONTAINED IN SECTION 7.03, EACH PARTY HERETO SPECIFICALLY AND EXPRESSLY WAIVES ANY IMMUNITIES OR LIMITATIONS ON LIABILITIES THAT IT MAY HAVE AS AN EMPLOYER UNDER ANY APPLICABLE WORKER COMPENSATION LAW, INDUSTRIAL INSURANCE ACT, OR ANY SIMILAR STATUTE.

MANAGER _____ OWNER _____

ARTICLE VIII

8.01 Casualty

If the Club Facilities are damaged or destroyed by casualty and Owner reasonably determines it is not feasible to rebuild, Owner or Manager may terminate this Agreement. If Owner elects to rebuild, then this Agreement shall continue in full force and effect. If the Club Facilities are closed for longer than three (3) months as the result of such casualty and Owner elects to rebuild the Club Facilities, this Agreement and its obligations will be suspended until the Club Facilities are re-opened or such other time as the parties agree. The parties may negotiate an interim management agreement to cover the period of such suspension.

8.02 Condemnation

(a) Permanent Taking. Upon a taking of either a fee interest in, or a perpetual easement on, all or any portion of the Club Facilities such that the part not taken may not reasonably be repaired, restored, replaced or rebuilt so as to constitute a golf facility as contemplated by the parties under this Agreement, either Owner or Manager shall, in its sole discretion, be entitled to terminate this Agreement on thirty (30) days' written notice to the other. Upon a taking of less than all of the subject Club Facilities, and if this Agreement has not terminated as permitted in this Section, this Agreement shall remain in full force and effect with respect to the remainder of the Club Facilities, and the awards or other proceeds on account of the taking on account of the taking shall not be included in the calculation of Gross Revenue for the Operating Year(s) in which received. Owner shall promptly repair, restore, replace or rebuild the remainder of the Club Facilities as nearly as possible to its value, condition, and character immediately prior to the taking and the costs of any such work shall not be deducted as an Operating Expense. Upon any taking, Manager shall, in its sole discretion, be entitled to terminate this Agreement on thirty (30) days' written notice to Owner.

(b) Temporary Taking. If a temporary taking occurs so that the Club Facilities may not be operated in the manner consistent with the Operating Standard and continues in effect for a period of longer than twelve (12) months, either Owner or Manager shall, in its sole discretion, be entitled to terminate this Agreement on thirty (30) days' written notice to the other. Otherwise, upon a temporary taking of all or any portion of the Club Facilities, this Agreement shall remain in full force and effect, and the awards or other proceeds on account of the taking on account of the taking shall not be included in the calculation of Gross Revenue for the Operating Year(s) in which received. When and if, during the Term, the period of temporary taking ceases, Owner shall make all such restoration, repairs and alterations as are necessary to restore the Club Facilities to its condition prior to the taking. Owner shall promptly repair, restore, replace or rebuild the remainder of the Club Facilities as nearly as possible to its value, condition, and character immediately prior to the taking and the costs of any such work shall not be deducted as an Operating Expense.

ARTICLE IX

BUSINESS INTERRUPTION

In the event the Club Facilities suffer damage or loss as described in Section 8.01 that results in the interruption of operation of the Club Facilities for a period of three months or less, Owner shall be obligated during the period of interruption or any extended indemnity period (or until this Agreement is otherwise terminated or suspended by the parties in accordance with Section 8.01) to pay Manager for services provided an interim monthly management fee equal to four and a quarter percent (4.25%) of the Club Facilities' Gross Revenue for the same period of the prior year (the "**Interim Management Fee**"). By way of example and for clarification purposes only, in the event a portion of the Club Facilities are damaged by fire and Owner elects to repair and re-open the Club Facilities during the three-month period of October through December 2020, Owner shall pay Manager a monthly Interim Management Fee equal to 4.25% of the Gross Revenue generated by the Club Facilities during the months of October, November and December in 2019. Owner's payment obligations under this Article IX shall be offset and reduced by any proceeds received by Manager under any business interruption policy maintained by Manager in accordance with Section 7.01.

ARTICLE X

REPRESENTATIONS, WARRANTIES AND COVENANTS

10.01 By Owner

Owner represents, warrants and covenants as follows:

(a) Manager may peaceably and quietly possess, manage and operate the Club Facilities' during the Term, subject to the conditions hereof, free from interference, interruption or disturbance by Owner or its affiliates or anyone claiming through Owner or its Affiliates.

(b) Owner has full power, authority and legal right to execute, perform and observe all of the provisions under this Agreement. This Agreement constitutes a valid and binding obligation of Owner and does not constitute a breach or default under Owner's governing documents or the terms, conditions or provisions of any agreement or instrument to which Owner or any of its Affiliates is a party or any Applicable Law.

(c) There is no litigation or proceeding pending or, to Owner's knowledge, threatened against Owner, Owner's Affiliates or the Club Facilities that could adversely affect the validity of this Agreement or the ability of Owner to comply with its obligations under this Agreement.

(d) To the best of Owner's knowledge (i) no Hazardous Materials are present in or on, or have been released from, the Club Facilities, (ii) there exists no other surface or subsurface soil, water, mineral, chemical or environmental condition in, on or under the Club Facilities that presents or poses any threat to the health and safety of any person or any property or with the passage of time will require notice or reporting to any governmental authority or employees or patrons of the Club Facilities, or otherwise require, based on any legal requirement or standard of prudent ownership, monitoring or remedial action, (iii) there exists no identifiable threat of the contamination of the Club Facilities by release of Hazardous Materials from existing sources adjacent to the Club Facilities, and (iv) the Club Facilities contain no underground storage tanks.

(e) As of the Commencement Date, (i) all leases, licenses, franchises, concessions, service agreements, mortgages or other agreements or security instruments with respect to the Club Facilities are in full force and effect and (ii) there exists no breach, default or event or condition which, with the giving of notice or the passage of time or both, would constitute a breach or default under the Club Facilities agreements or instruments either by Owner or the other contracting party.

(f) During the term of this Agreement, Owner shall use its best efforts to pay, keep, observe and perform all payments, terms, covenants, conditions and obligations to be made, kept, observed or performed by Owner under any lease, license, franchise, concession, mortgage or other agreement or security instrument with respect to the Club Facilities, and shall keep such agreements and instruments in full force and effect.

(g) Owner has, and throughout the term of this Agreement shall maintain, good and marketable title to the Club Facilities and the FF&E and all operating equipment and supplies, free and clear of all liens and encumbrances.

10.02 By Manager

Manager represents, warrants and covenants as follows:

(a) Manager has full power, authority and legal right to execute, perform and observe all of the provisions under this Agreement. This Agreement constitutes a valid and binding obligation of Manager and does not constitute a breach or default under Manager's governing documents or the terms, conditions or provisions of any agreement or instrument to which Manager or any of its Affiliates is a party or any Applicable Law.

(b) There is no litigation or proceeding pending or, to Manager's actual knowledge, threatened against Manager or Manager's Affiliates that could adversely affect the validity of this Agreement or the ability of Manager to comply with its obligations under this Agreement.

ARTICLE XI

ENVIRONMENTAL

11.01 Environmental Laws

Manager shall not use, generate, manufacture, store on, dispose of, produce, bring onto, or otherwise introduce to the Club Facilities any Hazardous Material, except those typically used in prudent and safe Club Facilities' operation. Owner shall indemnify, defend and hold the Manager harmless from and against all loss, costs, liability and damage (including, without limitation, engineers' and attorneys' fees and expenses, and the cost of litigation) arising from the presence of Hazardous Materials in, on or under the Club Facilities, except to the extent such loss, costs, liability or damage results from Manager's gross negligence or willful misconduct. For purposes of this Agreement, "**Hazardous Materials**" means and includes asbestos or any substance containing asbestos, polychlorinated biphenyls, any explosives, radioactive materials, chemicals known or suspected to cause cancer or reproductive toxicity, pollutants, effluents, contaminants, emissions, infectious wastes, petroleum or petroleum-derived waste or product or related materials and any items defined as hazardous, special or toxic materials, substances or waste under any Environmental Law, or any material which shall be removed from the Club Facilities pursuant to any administrative order or enforcement proceeding or in order to place the Club Facilities in a condition that is suitable for ordinary use. "**Environmental Laws**" means all federal, provincial and local laws (whether under common law, statute or otherwise), ordinances, rules, regulations and guidance documents now in

force, as amended from time to time, in any way relating to or regulating human health or safety, industrial hygiene or environmental conditions, protection of the environment, pollution or contamination of the air, soil, surface water or groundwater, including the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, 42 U.S.C. §9601, et seq., the Resource Conservation and Recovery Act, 42 U.S.C. §6901, et seq., the Clean Water Act, 33 U.S.C. §1251 et seq., the Clean Air Act, as amended, 42 U.S.C. §7401 et seq., the Occupational Safety and Health Act, 29 U.S.C. §651 et seq., the Hazardous Materials Transportation Act, 49 U.S.C. §1801 et seq., the Federal Water Pollution Control Act, 33 U.S.C. §1321 et seq., and the Toxic Substances Control Act, 15 U.S.C. §2601 et seq., and the amendments, regulations, orders, decrees, permits, licenses or deed restrictions now or hereafter promulgated thereunder..

11.02 Payment of Costs

All costs and expenses paid by Owner in connection with the compliance with all Environmental Laws, and any amounts paid to the Manager pursuant to the environmental indemnities hereunder shall be paid by Owner from its own funds and shall not be an Operating Expense, but may be a deduction from the Capital Improvement Reserve upon mutual consent of the parties.

ARTICLE XII

TRADEMARKS AND OTHER PROPRIETARY MATERIALS

12.01 Ownership of Manager Trademarks

Owner acknowledges and agrees that Manager is and shall remain owner of the trademarks, trade name, service marks and copyrights associated with the name COLUMBIA HOSPITALITY and the related marks that include the words COLUMBIA HOSPITALITY, including COLUMBIA HOSPITALITY ACADEMY, and Manager's corporate logo or symbol, together with the right to use any and all URLs, slogans, derivations, trade secrets, know-how, and trade dress, and all other proprietary rights associated with such names, marks and slogans (the "**Manager Trademarks**"). Owner agrees not to contest Manager's rights in respect of the Manager Trademarks, including any additions or improvements to the Manager Trademarks by whomever developed.

12.02 Use of Manager Trademarks

As part of its management services provided under the terms of this Agreement, Manager will use the Manager Trademarks as it deems appropriate and advisable to identify, designate, market, advertise and promote the Club Facilities as being affiliated with the group of inns, hotels, resorts and other facilities managed by Manager, subject to the following terms:

(a) In connection with Manager's use of the Manager Trademarks, the Club Facilities will be identified as being affiliated with the Manager's group of inns, hotels, resorts and facilities even though the Club Facilities will continue to be primarily designated as the "Gold Mountain Golf Club."

(b) Owner may not itself use the Manager Trademarks or apply for international, United States federal, or state or territorial registration of any rights in the Manager Trademarks. Without Manager's prior consent, Owner may not use of the Manager Trademarks as all or part of its legal name or any other trade or assumed name under which Owner does business.

(c) Manager retains the sole right and discretion to (i) determine how and on what materials the Manager Trademarks may be used and (ii) handle disputes and control actual or threatened litigation with third parties relating to any part of the Manager Trademarks.

(d) Upon termination of this Agreement, any use of or right to use the Manager Trademarks shall immediately cease the Club Facilities will no longer be identified as being affiliated with the Manager's group of inns, hotels, resorts and facilities. As of the date of termination, Manager shall remove any proprietary signage, collateral or other materials from the Club Facilities.

12.03 Use of Owner's Trademarks

Owner hereby grants to Manager a temporary, royalty-free, revocable, non-transferable license to use the trademarks "Gold Mountain," "Gold Mountain Golf Club," "Tucker's at Gold Mountain," and derivations thereof, together with all other trademarks, trade names and logos associated with the Club Facilities in connection with the performance of Manager's obligations hereunder.

12.04 Manager's Intellectual Property

Owner acknowledges and agrees that Manager or its Affiliates may create, invent, author, produce, conceive or cause to be created, invented, authored, produced or conceived certain proprietary information, processes and systems and utilize or cause to be utilized such proprietary information, processes and systems in its management of the Club Facilities (collectively, "**Manager's Intellectual Property**"). Manager's Intellectual Property may include certain operations manuals; daily, monthly, quarterly and annual operational reports; budget programs and worksheets; sales and marketing plans and materials; recipes; employee training and development materials and guest profiles and information. Owner may not access, use, copy, distribute, reproduce, or allow access to or use of, Manager's Intellectual Property except to the extent authorized by Manager and then only in conjunction with Manager's services provided under this Agreement. Owner acknowledges and agrees that all right, title and interest in and to Manager's Intellectual Property, and all copyrights, trademarks, or other intellectual property or proprietary rights relating thereto, are and shall remain the sole and exclusive property of Manager. Owner further acknowledges that no such right, title or interest in these items is granted under this Agreement to Owner.

ARTICLE XIII

LIMITATIONS ON SERVICES AND RELEASE

13.01 No Manager Representation re Insurance

In connection with any insurance coverages required or obtained under this Agreement, Manager makes no warranty or representation as to the advisability, nature or extent of the insurance coverages furnished and maintained by Manager for the benefit of Owner or other coverages Owner should consider for the protection of the Club Facilities or their operations. Owner agrees to rely exclusively on its own insurance advisors with respect to all insurance matters.

13.02 Financial Projections

Any and all financial projections and budgets prepared by Manager under this Agreement, including the Annual Plans and Budget, are intended solely to assist Owner in operating the Club Facilities, but are not to be relied up on by Owner or any other third party as to the accuracy of information contained therein or the results predicted. Owner acknowledges and agrees that Manager shall not be held responsible

by Owner or any third party for any divergence between such projections and budgets and actual operating results.

13.03 Warranty and Disclaimer

MANAGER WARRANTS THAT IT WILL PERFORM ITS SERVICES HEREUNDER IN ACCORDANCE WITH THE DESCRIPTIONS SET FORTH IN THIS AGREEMENT USING GENERALLY ACCEPTED INDUSTRY STANDARDS AND PRACTICES. MANAGER DISCLAIMS ANY OTHER WARRANTIES OF ANY KIND, EITHER EXPRESSED, STATUTORY, OR IMPLIED, INCLUDING WITHOUT LIMITATION, ANY WARRANTIES OF TITLE, IMPLIED WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, OR NON-INFRINGEMENT.

13.04 Release

Owner hereby unconditionally releases Manager and its Affiliates and their respective owners, officers, directors, employees, agents and assigns from, and waives any right or claim relating to, any and all claims, liabilities and obligations, whether now existing or hereafter arising, and whether known, unknown, fixed, contingent or otherwise, arising from or related to the matters described in this Article XIII.

ARTICLE XIV

GENERAL TERMS AND CONDITIONS

14.01 Use of Affiliates

Manager shall be entitled to contract with one or more of its Affiliates to provide goods and/or services to the Club Facilities, provided that the prices and/or fees paid to any such Affiliate are competitive with the prices and/or fees that would be charged by reputable and qualified parties that are not Affiliates of Manager for similar goods and/or services. The prices and/or fees paid to its Affiliates may include overhead and the allowance of a reasonable return customary for the goods and/or services to be provided.

14.02 Independent Contractor

Manager and its employees are not employees of the Owner. Manager will perform the services hereunder solely as an independent contractor and as agent of Owner. Neither this Agreement nor any agreements, instruments, documents or transactions contemplated herein shall in any respect be interpreted, deemed or construed as making Manager or its employees, agents, representatives and contractors an employee, partner or joint venturer with, or of, Owner or any of its Affiliates.

14.03 Confidentiality

Each party will use commercially reasonable efforts to keep in confidence and prevent the disclosure to any third party of any Confidential Information it receives from the other party. Notwithstanding the foregoing, the receiving party may disclose Confidential Information:

(a) to its members, managers, employees, agents, lenders, advisors and attorneys on a “need to know” basis, provided that each such person has agreed to keep in confidence and prevent the disclosure to any third party of the Confidential Information; or

Each party will be entitled to equitable relief by way of injunction, temporary restraining order or otherwise, without the need to post a bond, if the other party breaches or threatens to breach any provision of this Section 14.03.

All notices will be in writing and will be deemed duly given if (a) personally delivered, (b) sent by facsimile (with electronic confirmation of delivery), (c) sent by overnight delivery through a nationally-recognized overnight delivery service or (d) mailed registered or certified mail, return receipt requested, postage prepaid. Each notice will be delivered to the intended recipient at the applicable address or facsimile number set forth below or at any other address or facsimile number as any party notifies the other party in writing. Notices or other communications that are sent by (x) personal delivery or facsimile, will be deemed received on the day sent or on the first business day thereafter if not sent on a business day, (y) overnight delivery, will be deemed received on the first business day immediately following the date sent, and (z) U.S. mail, will be deemed received three business days immediately following the date sent. Notices shall be sent to the following addresses:

with a copy to:

Shiers Law Firm
600 Kitsap St, Suite 202
Port Orchard, WA 98366
Attention: Ken Kambich
Telephone: (360) 876.4455
Facsimile: (360) 876-0169

This Agreement constitutes all of the understandings and agreements of any nature existing between the parties with respect to the management services Manager will perform for Owner under the terms of this Agreement. Unless otherwise provided for herein, no amendments, changes, alterations or modifications of this Agreement shall be effective unless they are in writing executed by Manager and Owner.

14.06 Governing Law and Venue

This Agreement will be construed and interpreted in accordance with the laws of the State of Washington, without regard to applicable choice of law principles. Any mediation, arbitration or legal proceeding that arises out of or in connection with this Agreement will be initiated and maintained in Kitsap County, Washington. Each party consents to jurisdiction and venue in such courts and waives the right to claim that any such court is an inconvenient forum.

14.07 Attorneys' Fees

In the event an action is commenced by either party to enforce any right or obligation hereunder or interpret this Agreement, each party shall pay all its own costs and attorney's fees.

14.08 Assignment and Binding Effect

Neither party may assign, pledge, encumber or otherwise transfer (whether by operation of law or as a result of merger, consolidation, reorganization or sale of assets or equity) its interest in this Agreement or any of its rights or obligations under this Agreement without the prior written consent of the other party, such consent not to be unreasonably withheld or delayed, provided that so long as Manager is not then in material breach of default of this Agreement, Manager shall have the right, without Owner's consent, to assign all or a portion of its rights and obligations under this Agreement to (a) any Affiliate of Manager, (b) any successor to Manager that may result from any merger, consolidation or reorganization, or (c) any individual or entity that acquires all or substantially all of the business assets of Manager. Subject to the foregoing, this Agreement will be binding upon and inure to the benefit of the parties' successors and permitted assigns.

14.09 Waiver

No delay or omission in exercising any right or remedy will be deemed a waiver of any right or remedy. No waiver of any provision of this Agreement will constitute a waiver of any other provision of this Agreement, nor will any waiver constitute a continuing waiver unless so specified in writing executed by the party to be bound.

14.10 Counterparts; Facsimile

This Agreement may be executed in one or more counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument, with the same effect as if the signatures thereto were in the same instrument. This Agreement will be effective and binding on the parties when both parties have executed and delivered a counterpart of this Agreement, it being agreed that facsimile signatures shall be binding on the parties.

14.11 Limited Restrictions on Manager

Neither Manager nor any of its Affiliates is restricted from owning, operating, licensing, franchising, managing, advising, or otherwise associating in any way with any other hotel, time-share facility, interval ownership facility, vacation club, residential facility, food and beverage operation, or other business of any kind, whether or not such business may be considered competitive, directly or indirectly, with the Club Facilities, and Manager and its Affiliates are expressly permitted to engage in any or all of such activities, except that, Manager shall not manage or operate any golf course or golf club facilities in Kitsap County without Owner's consent, such consent not to be unreasonably withheld, conditioned or delayed.

14.12 Non-Solicitation

During the Term and for two (2) years following expiration or earlier termination of this Agreement, the City shall not directly or indirectly or a company hired by the City shall not directly or indirectly, solicit for separate employment the services of, any personnel of Manager. Notwithstanding the foregoing, if this Agreement is terminated for any reason, neither the City or any company hired by the City or the Manager shall interfere in any way with the decision of any personnel who has been continuously working at the Property for two (2) years (“**Property Employee**”), prior to the date of termination to either continue employment with the Manager or seek employment with the City or a company hired by the City. To allow any Property Employee to decide whether to continue as an employee of Manager or seek employment with the City or a company hired by the City, neither the Manager nor the City or a company hired by the City shall (a) offer any pay increase or other incentives to any Property Employee, (b) create a new position for any Property Employee, or (c) make disparaging remarks about the other party.

14.13 Patriot Act

Each party represents, warrants and covenants that neither it nor any of its Affiliates (or any of their respective principals, partners or funding sources) is nor will become: (a) a person designated by the U.S. Department of Treasury’s Office of Foreign Asset Control as a “specially designated national or blocked person” or similar status; (b) a person described in Section 1 of U.S. Executive Order 13224 issued on September 23, 2001; (c) a person otherwise identified by a government or legal authority as a person with whom an owner or manager of a hotel is prohibited from transacting business; (d) directly or indirectly owned or controlled by the government of any country that is subject to an embargo by the United States government; or (e) a person acting on behalf of a government of any country that is subject to an embargo by the United States government. Each party shall notify the other in writing immediately upon the occurrence of any event which would render incorrect any of such party’s representations and warranties under this Section.

14.14 Duplicate Originals

This Agreement may be executed in duplicate originals.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the Effective Date.

OWNER:

City of Bremerton

By: Greg Wheeler
Its: Mayor

Date: _____

MANAGER:

Columbia Hospitality, Inc.

By: John Oppenheimer
Its: President and CEO

Date: _____

Legal Description – The Club Facilities are situated on a portion of the following sections: W1/2 Section 1, T23N, R1WNE1/4 NE1/4 Section 2, T23N, R1WSE1/4 SE1/4 Section 35, T24N, R1WSW1/4 Section 36, T24N, R1W

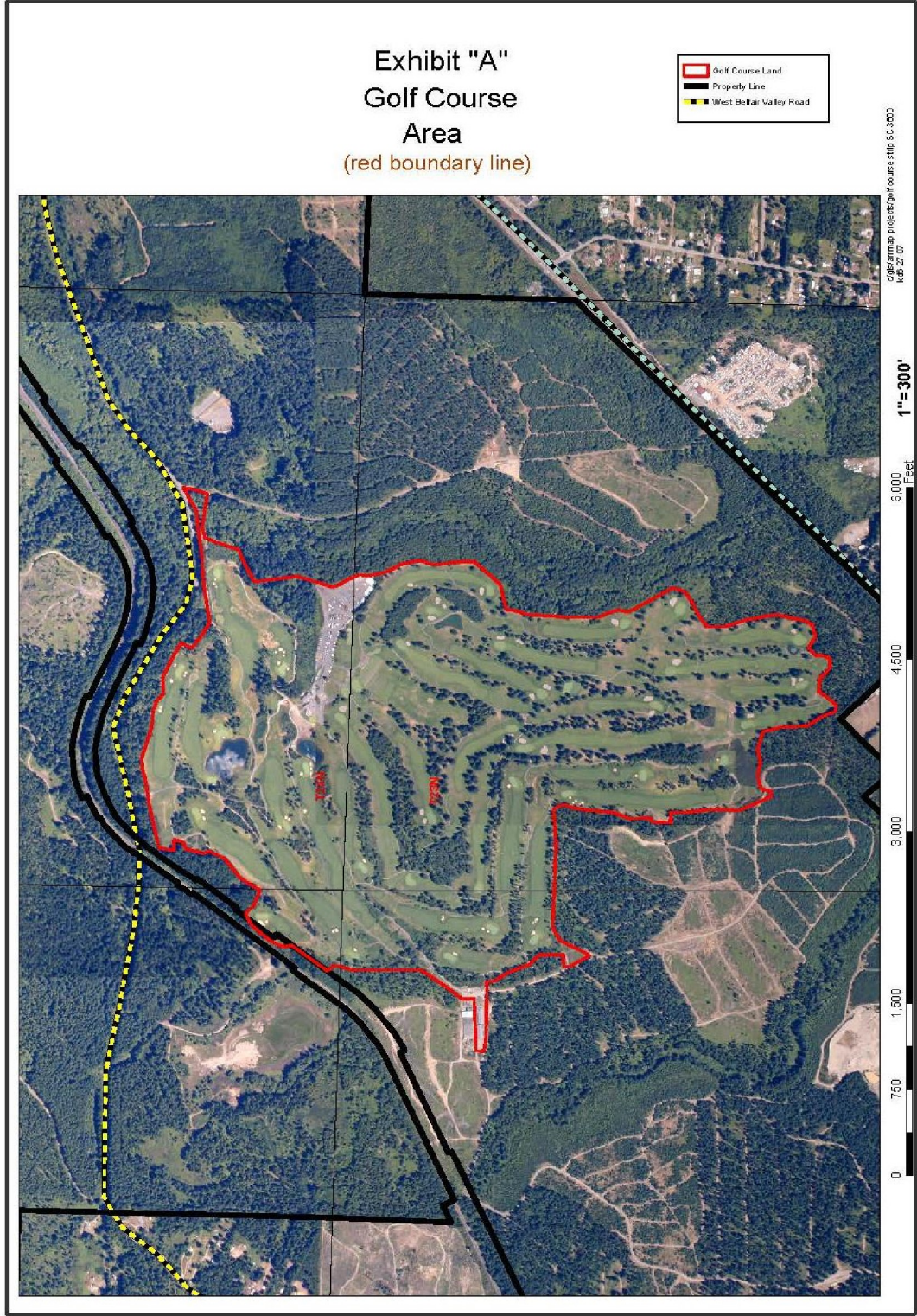


Exhibit A

Exhibit B

Maintenance Standards

1. Regular Maintenance

In order for Golf Mountain Golf Club to continue its regard as a nationally known and well-respected golf destination, maintenance practices will remain in place to ensure the preservation of this reputation. Maintenance practices will include:

- A. Regular mowing of all turf, including greens, tees, fairways, roughs, collars and surrounds.
- B. Aerification of tees and greens at least twice per year
- C. Ongoing top-dressing of greens
- D. Ongoing sanding and seeding of tees, including driving range tees, in order to restore divots
- E. Ongoing sanding and seeding of fairways in order to restore divots
- F. Hole locations and tee locations shall be changed at least 5 days per week, as weather allows.
- G. Bunkers shall be raked at least three days per week, as weather allows. Bunkers shall be kept free of debris.
- H. Clubhouse surrounds to be kept clean, orderly and maintained on a year-round basis
- I. Parking lot to remain clean and free of debris on a year-round basis. Snow removal shall occur as necessary on entrance roads, parking lots and pedestrian walk ways.
- J. All restrooms to be cleaned and sanitized daily.
- K. Mowing heights, as weather allows, shall be maintained as follows:
 - a. Greens speeds shall be a minimum of 9.5 feet on the stimp scale in season
 - b. Fairways shall be maintained at or below .5 inches in season
 - c. Rough shall be maintained at or below 2 inches in season
 - d. All heights noted herein, may be adjusted when requested by tournament organizations.
- L. All equipment shall be proactively maintained in order to preserve life expectancy. Regular maintenance shall be performed in accordance with manufacturer recommendations, on all major equipment, including; mowers, carts, tractors, aerifiers, sprayers and top-dressing equipment. All maintenance service records shall be logged and saved. Records/logs shall be kept for each piece of major equipment.
- M. Mowing units shall be kept ground and sharpened in order to maintain proper turf conditions.
- N. All putting greens shall be proactively treated for disease on a year-round basis.
- O. Regular fertilizing practices shall be maintained in order to maintain turf health.
- P. All regulatory laws/rules shall be followed and proper reporting/training shall be maintained.
- Q. Hazardous trees will be removed by Manager's maintenance team members, when the removal can be conducted safely. An outside contractor may be used for tree removal when the scope of the removal exceeds the limitations of the on-site team members.

2. Irrigation

- A. Manager will maintain the irrigation systems in order to maintain life expectancy of all components. Manager shall contract with irrigation specialists when maintaining pumps and pump stations. Manager will work with Owner's Water Resource Manager to coordinate water usage and water pressure concerns.

3. Chemical Applications

- A. Manager will work closely with the Water Resource Division of Owner in the use of chemicals and their applications. A list of all pesticides and other chemicals shall be maintained by the manager including MSDS information sheets, date and times of applications, the person who applied the chemicals and all other information required by regulatory agencies such as OSHA, DOL, DOE, L&I, EPA and any other city, county, state or federal agencies that would have enforcement authority.

Exhibit C

Manager's Insurance Requirements

To the extent commercially permissible or otherwise noted herein, the Manager and Owner shall be named insureds under the policies listed below. Deductibles, if any, for the following policies shall be subject to Manager's prior review and approval.

(a) Commercial General Liability insurance on an occurrence basis against claims for personal injury (including bodily injury or death) and tangible property damage occurring on, in or about the Club Facilities or otherwise arising under this Agreement in an amount not less than that generally provided in policies of insurance procured by operators of other Club Facilities in the same general region in which the Club Facilities are located, but in no event less than \$1 million per occurrence and \$2 million aggregate limit. This insurance must include bodily injury and property damage liability, independent contractors' liability, contractual liability, products and completed operations liability, liquor liability for host and liquor legal liability, inn keepers legal liability and personal and advertising injury liability and shall be primary and non-contributory to any insurance maintained by either party. The policy will also include Premises Medical coverage with an applicable limit of \$5,000. There shall be no deductible for this coverage.

(b) Commercial automobile liability insurance on an accident basis against claims for injury or death to persons or damage with minimum limits of liability of \$1 million combined single limit for each accident. Such insurance must include coverage for bodily injury liability, property damage liability, and the operation of owned, hired and non-owned vehicles. There shall be no deductible for this coverage.

(c) Workers' compensation insurance as shall be required by and be in conformance with the applicable laws of the jurisdiction in which the Club Facilities are located, including employer's liability insurance with limits of not less than \$1 million for each accident and disease for all of the employees involved in the Club Facilities' operations. The Manager shall be the only named insured.

(d) Excess or "umbrella" liability insurance no less broad than the underlying General Liability, Automobile Liability, and Employers Liability coverages set forth above on an occurrence basis providing excess coverage in a total amount no less than \$15 million in the annual aggregate. The deductible or self-insured retention for this coverage shall not exceed \$10,000.

(e) Employment practices liability insurance (with an extended reporting period not less than one (1) year in the event that the coverage is given in a "claims made" form) in an amount not less than \$2 million per occurrence/annual aggregate. The deductible or self-insured retention for this coverage shall not exceed \$10,000.

(f) To the extent determined by Manager to be economically feasible, insurance against business interruption and extra expense resulting from loss or damage from hazards to all property (real and personal). The Manager shall be the only named insured under this policy.

(g) Comprehensive crime insurance, including employee dishonesty with a limit not less than \$2 million per occurrence.

(h) Contractor's pollution coverage for Manager's operation of the Club Facilities with minimum limits of liability of \$2 million. The Manager shall be the only named insured under this policy.

(i) Such other insurance in amounts as Manager and Owner in their reasonable judgment, deem advisable for protection against claims, liabilities and losses arising out of or connected with the Club Facilities.

Exhibit D: Centralized Services Fees

Accounting - \$4,583 per month / \$55,000 annually

People and Culture (Human Resources) - \$2,642 per month / \$31,704 annually

Marketing - \$667 per month / \$8,004 annually

Public Relations/Social Media - \$500 per month / \$6,000 annually

Beginning January 1, 2021, the above amounts will increase no more than four percent (4%) per year and will be included as part of the Annual Plan and Budget

Gold Mountain Golf Club
Golf Management Agreement Proposal Summary

		Initial		Proposed	
Description	Initial CHI Proposal	CHI Proposal	Negotiated Proposal	CHI	Delta
Base Management Fee	5.0% of Gross Revenue	238,002	4.25% of Gross Revenue	202,301	(35,701)
Incentive Management Fee	40% of Net Operating Income in excess of \$500k	59,170	20% of NOI (\$600-650k) 25% of NOI (\$650-700k) 30% of NOI (\$700-750k) 40% of NOI (greater than \$750k)	7,206	(51,964)
Total Cost of Management		297,172		209,507	(87,665)
Reserve Fund Set Aside	3.0% of Gross Revenue	142,801	4.0% of Gross Revenue	190,401	47,600
"Non-Solicitation"	Existing staff can not be retained		Rules of Engagement for staff retention		
Indemnification Language	Risk heavily weighted to City		Revised and accepted by COB		

1. Total Cost of Management reduced by \$87,664.
2. Reserve Set Aside increased by \$47,600.